

2006-2007

Lexington-Fayette Urban County Government

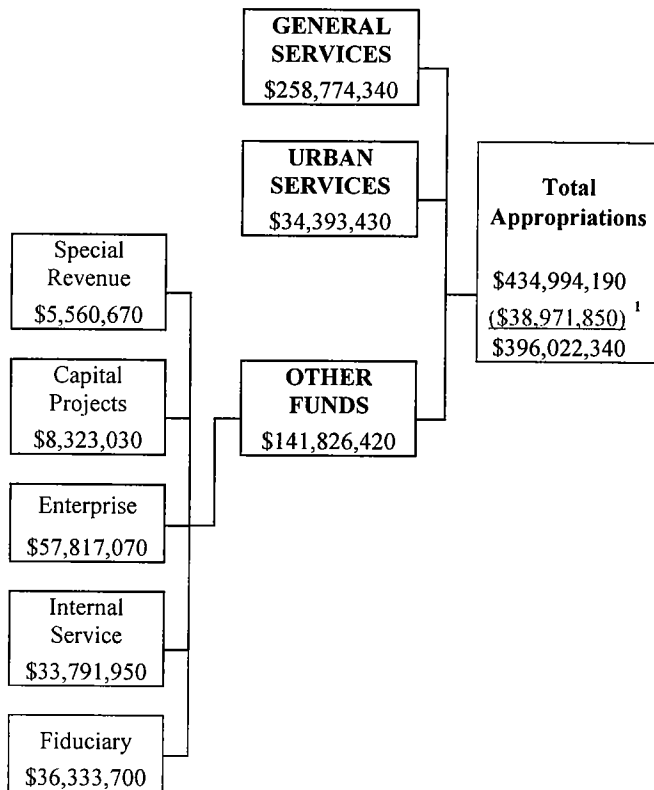
## Budget In Brief



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**Organization of the Total Budget by Fund**



<sup>1</sup> Interfund transfers.

### Introduction to the Budget

As shown on the prior page, the total budget for all funds combined, net of interfund transfers, is \$396,022,340. This is \$15,493,080 less than the FY 2006 budget.

The finances of the government are segregated into funds in order to account for specific activities in accordance with special regulations or restrictions. The total budget is organized as follows:

- **Fund 1101, the General Services District Fund**, supports basic services such as police, fire, planning and zoning, parks and recreation, libraries, and other community services.<sup>2</sup> This fund is financed primarily by employee withholdings/net profits license fees and property taxes.
- **Fund 1115, the Urban Services Districts Fund**, accounts for refuse collection, street lights, and street cleaning services provided by the government. These services are funded by an additional property tax paid only by the property owners in the respective service districts.
- **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted for specified expenditures, such as *state and federal grants, Municipal Aid Program, County Aid Program, and Public Safety* funds.

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<sup>2</sup> Due to Medicaid reporting requirements, the *Family Care Center Health Services Fund* (1102) is accounted for separately. However, it is essentially a part of the General Services Fund and is included in the General Services Fund totals reported in this document.

## Budget In Brief

- **Capital Projects Funds** account for the receipt and disbursement of resources used in major capital and construction projects.
- **Enterprise Funds** are self-supporting through charges for services. LFUCG enterprise funds include *Sanitary Sewers, Landfill, Right-of-Way, Extended School Program, Enhanced 911*, and *Public Corporations*.
- **Internal Service Funds** account for the financing of services by one fund to another fund or funds of the government. Included here are the government's *self-insurance funds*.
- **Fiduciary Funds** are used to account for assets held by the government in a trustee capacity. Included are the *Public Library Corporation Fund*, the *City Employees' Pension Fund*, and the *Policemen's and Firefighters' Retirement Fund*.

## **FY 2007 Budget Highlights**

The Lexington-Fayette Urban County Council voted to adopt the Mayor's Proposed Budget for fiscal year 2006-2007, as amended, on June 22, 2006. The approved expenditure budget for the General Services Fund is \$258,774,340, which includes late item changes made by the Council on June 13, 2006. The total budget for all funds combined, net of interfund transfers is \$396,022,340.

At the *Budget Call* meeting on December 9, 2005, government Commissioners and division Directors were asked to submit their budget requests with a limitation on new or expanded programs/positions.

The basic principles shaping the FY 2007 budget are:

- Employee compensation is the first priority.
  - World-at-Work index changes funded in the budget for all non-bargaining unit employees.
  - Funding included to continue revising the employee compensation system.
- Commitment to the Purchase of Development Rights program (\$2 million in bond funds).
- Improved information technology resources.
  - Funding for implementation of the STARS (Superior Technology Application and Reporting System) financial application project.
- Continuation of core government services:
  - Creation of a one-stop shop for development in the Phoenix building.
- Commitment to the establishment of the parking authority.

## Budget In Brief

- Increase the Economic Contingency Designation.
- Strong emphasis on providing social services:
  - Partnership formed for substance abuse treatment for juveniles.
  - Institution of a substance abuse prevention program for women within the community corrections facility.
- Emphasis on planning and starting activities for the 2010 World Equestrian Games.

### Council Changes to the Mayor's Proposed Budget

After the Mayor's Proposed Budget is presented, the Council is required to hold public hearings on the contents of the proposed budget. The Council may amend the proposed annual operating budget submitted by the Mayor, except that the budget, as amended and adopted, shall provide for all expenditures required by law or by other provisions of the Charter, and for all debt service requirements for the next fiscal year. The following changes to the Mayor's Proposed Budget were made or accepted by the Council for the General Fund:

#### Late Item Changes – May 23 and June 1, 2006

##### *Changes to Available Funds:*

State Underfunding of Telecom Franchise	
Revenues	\$ (301,210)
Recognize Parking Meter Collections	54,370
Recognize Parking Fine Revenue	<u>25,500</u>

*Decrease to Resources* (221,340)

##### *Changes to Expenditures:*

Changes to	
Positions/Equity/Classifications	11,760
Increase Grant Recoveries	(82,340)
Decrease to Various Operating Accounts	(682,110)
Reduce Transfer to E911 Fund	(100,000)
Increase Capital Account	<u>10,000</u>

## Budget In Brief

<i>Decrease to Expenditures</i>	<u>(842,690)</u>
Net Increase to Budgeted Fund Balance	<u>621,350</u>

### Council Changes – June 13, 2006

#### *Changes to Available Funds:*

Remove Potential Economic Contingency Withdrawal	\$ (3,996,000)
Recognize Additional Civil Penalties from Code Enforcement	<u>100,000</u>
<i>Decrease to Resources</i>	<u>(3,896,000)</u>

#### *Changes to Expenditures:*

Police – Reduce 49 New Positions	(685,690)
Fire – Reduce 30 New Positions	(375,510)
Internal Audit – Reduce Two New Positions	(179,730)
Code Enforcement – Increase Part-Time Position to Full Time	25,940
Historic Preservation – Add Additional Position	56,710
Delete Phoenix 3 <sup>rd</sup> Floor Video Changes	(130,000)
Delete Participation in UK Incubator Project	(200,000)
Delete Economic Development General Funding	(150,000)
Reduce Various Operating Accounts in Mayor's Office	(17,000)
Reduce Various Operating Accounts in CAO's Office	(12,500)
Bond Parking Structure Improvements	(987,930)
Bond Animal Control Facilities Renovations	(450,000)
Bond Computer Equipment	(300,000)
Refinance Water Condemnation Note (Net of Interest Increase)	(700,000)
Restore Various Park Operating Accounts	134,000
Increase Corridor Costs	50,000
Budget Monthly Deposit to Economic Contingency Account	600,000

## Budget In Brief

Fund Outside Agency	55,000
<i>Decrease to Expenditures</i>	<i>(3,266,710)</i>
<i>Net Decrease to General Fund Budgeted</i>	
<i>Fund Balance</i>	<i>(629,290)</i>
<b>Total Council and Late Item Changes</b>	<b>\$ (7,940)</b>

### Summary of General Services District Changes

	Mayor's Proposed	Adopted	Difference
Funds Available	\$262,584,020	\$258,896,680	\$(3,687,340)
Expenditures	262,453,740	258,774,340	(3,679,400)
<b>Budgeted Fund Balance</b>	<b>\$ 130,280</b>	<b>\$ 122,340</b>	<b>\$ ( 7,940)</b>

### Changes to Other Funds

Various late item changes were made to other funds during Council Committee of the Whole meetings on May 23 and June 1, 2006, and during ratification on June 13, 2006. The impact to fund balance by fund is as follows:

#### Decreases:

Urban Services Fund	\$ 366,910
Sanitary Sewer Fund	215,980
Public Facilities Fund	6,882,840

#### Increases:

Extended School Fund	\$ 162,980
Enhanced 911 Fund	100,000
Parks Bond Fund	195,000
General Bond Fund	1,737,930

**FY 2007**

**General Services District Fund**

**General Services District Fund**

The Charter creating the merged Lexington-Fayette Urban County Government (LFUCG) divided the county into geographical taxing districts—the General Services District and the Urban Services Districts. The **General Services District** covers the entire county and includes most of the basic services provided to residents (police, fire, parks, housing, etc.). FY 2007 appropriations in the General Services District Fund are \$258.8 million.

There are several ways in which one can look at how the LFUCG will spend its budget this year. In the following pages, the budget is explained by category of spending and by department, or service area.

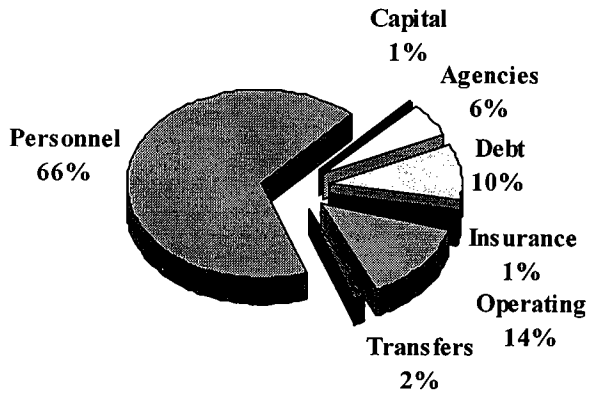
## Budget In Brief

### General Services District Fund Summary of Revenue and Appropriations

Category	FY 2006	FY 2007	Difference
<i>Revenue</i>			
Ad Valorem Taxes	\$17,021,000	\$17,918,540	\$ 897,540
Licenses and Permits	198,821,890	207,019,970	8,198,080
Services	14,001,840	16,286,270	1,854,430
Fines and Forfeitures	343,550	95,500	(248,050)
Intergovernmental	2,174,000	2,158,560	(15,440)
Detention Centers	4,501,000	3,698,500	(802,500)
Miscellaneous	3,749,410	4,719,340	969,930
Total Revenue	\$240,612,690	\$251,896,680	\$11,283,990
Release of 27 <sup>th</sup> Pay Reserve	4,339,310	-	(4,339,310)
Fund Balance, July 1 (Estimated)	10,000,000	7,000,000	(3,000,000)
Total Available Funds	\$254,952,000	\$258,896,680	\$3,514,680
<i>Appropriations</i>			
Personnel	\$171,013,520	\$173,526,290	\$2,512,770
Agency Services	15,421,480	15,186,440	(235,040)
Debt Service	22,247,130	25,392,740	3,145,610
Insurance	3,420,000	3,750,000	330,000
Operating	36,599,340	35,557,770	(1,471,570)
Transfers To(From) Other Funds	2,454,850	3,908,670	1,453,820
Total Operating	\$251,156,320	\$257,321,910	\$5,735,590
<i>Capital</i>			
CIP Capital	\$1,481,880	\$1,201,550	\$ (280,330)
Operating Capital	867,650	250,880	(616,770)
Total Capital	\$2,349,530	\$1,452,430	\$(897,100)
Total Appropriations	\$253,505,850	\$258,774,340	\$4,838,490
Fund Balance, June 30 (Estimated)	\$1,446,150	\$122,340	\$(1,323,810)

## Budget In Brief

### Expenditures by Category \$258,774,340



### Expenditures by Category FY 2006 vs. FY 2007 (\$000 omitted)

Category	FY 2006	FY 2007	\$ Change	% Change
Personnel	\$171,014	\$173,526	\$2,513	1.5%
Agencies	15,421	15,186	(235)	-1.5%
Debt Service	22,247	25,393	3,146	14.1%
Operating	36,599	35,558	(1,042)	-2.8%
Transfers	2,455	3,909	1,454	59.2%
Insurance	3,420	3,750	330	9.6%
Capital	2,350	1,452	(897)	-38.2%
<b>Total</b>	<b>\$253,506</b>	<b>\$258,774</b>	<b>\$5,268</b>	<b>2.1%</b>

**Expenditures by Category**

**Personnel (\$173,526,290)** accounts for 66 percent of the total General Services budget. This category includes *wages, overtime, and fringe benefits*. The change in this category over last year is due mainly to:

- FY 2007 contains 26 pay periods, compared to 27 for FY 2006.
- A pay increase of 3.8 percent in July for most non-sworn personnel.
- Continuation of the ten-step pay system for non-bargaining sworn personnel in Police and Fire, including a 2.4 percent change in the scale, as well as items negotiated by the bargaining groups.
- A 2.21 percent increase in the non-hazardous CERS pension rate, and a 2.0 percent increase in the PFRF rate.
- The creation of additional positions:
  - a. Coroner – one Deputy Coroner.
  - b. Computer Services – one Computer Analyst.
  - c. Law – one Paralegal.
  - d. Police – two Police Captains and one Telecommunications Engineer.
  - e. Code Enforcement – one Staff Assistant Senior offset by abolishing a part-time position.
  - f. Building Inspection – one Building Inspector Senior.
  - g. Historic Preservation – one Historic Preservation Specialist.
  - h. Family Services – one Eligibility Counselor – Part Time.

**Outside Agencies (\$15,186,440)** are non-governmental programs such as the Library and various economic, legal,

## Budget In Brief

and social service organizations that receive full or partial funding from the LFUCG. (See page 21 for a complete list of agencies.) The total amount of funding to Agencies is decreased by only \$235,040.

**Debt Service (\$25,392,740)** is for payment on long-term and short-term debt incurred to finance public projects<sup>3</sup>.

**Insurance (\$3,750,000)** is the General Services Fund's payment to the government's self-insurance fund for claims related to workers' compensation, general liability, property, and automobile liability and physical damage. Insurance funding increased by \$330,000 from FY 2006.

**Operating (\$35,557,770)** includes the day-to-day expenditures needed to run the various departments, such as office supplies, telephone, fuel, and utilities. Also included are professional services for medical, legal, engineering, etc. The decrease of \$(1,471,570) reflects a deliberate reduction to FY 2005 actual cost levels for accounts other than utilities, vehicle fuel and maintenance, telephone, and grant match to help balance this budget. The decrease is offset by \$430,000 for cost of goods sold, which is required to be in the operating costs category under the new STARS system.

**Transfers To/From Other Funds (\$3,908,670)** represent the transfer of resources from one fund to another. FY 2007 transfers are \$1,453,820 more than FY 2006, largely due to the support of STARS implementation, Enhanced 911 operations, and the required deposit of money into the Economic Contingency Reserve (see page 15 for details).

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<sup>3</sup> Contract debt includes \$786,200 for debt payments for the PDR program. The payments are for a \$7.5 million bond issue (2001) and a \$3 million bond issue (2005).

## Budget In Brief

Transfers To or (From)	FY 2006	FY 2007	Difference
CEP - Administrative	\$ 750	\$ (2,230)	\$ (2,980)
CEP - Retirees' Insurance	89,800	80,530	(9,270)
Golf Course Improvements	101,600	101,600	-
Indirect Cost	(158,880)	(166,830)	(7,950)
House Bill 413	(574,000)	-	574,000
Finance Personnel	(2,040)	-	2,040
LexCall Recovery	(48,510)	(38,450)	10,060
Park Impact Fees	550,000	590,000	40,000
Parks Projects	-	-	-
P & F Pension - Administrative	166,230	(304,160)	(470,390)
P & F Pension - Retirees' Insurance	2,319,900	2,461,180	141,280
Snow Removal Costs - Sewers	10,000	-	(10,000)
Streets, Roads, and Forestry Salaries	-	(870,000)	(870,000)
ERP - Stars	-	666,080	666,080
Enhanced 911	-	843,350	843,350
Economic Contingency <sup>3</sup>	-	600,000	600,000
Computer Services	-	(52,400)	(52,400)
<b>Total Transfers</b>	<b>\$2,454,850</b>	<b>\$ 3,908,670</b>	<b>\$ 1,453,820</b>

**Capital (\$1,452,430)** includes payments for capital improvement projects such as storm drainage, fiber optic cabling, and neighborhood traffic management, and operating capital such as copier leases and fire safety equipment.

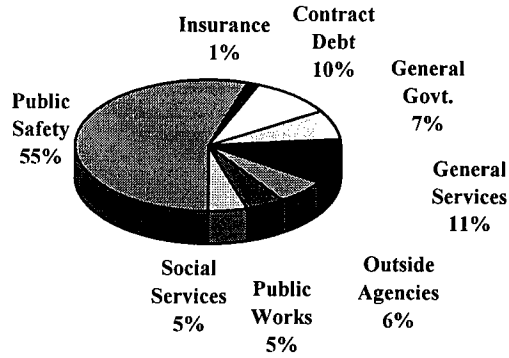
<sup>3</sup> On March 23, 2006, the Council adopted Ordinance 78-2006 making changes that allow structured deposits, emergency uses, and withdrawals to stabilize the flow of the major revenue sources. This is the first year structured deposits have been budgeted.

## Budget In Brief

### Expenditures by Department or Service Area

Governmental departments are unique units with specific responsibilities, generally defined in the LFUCG Charter. The budget is explained along departmental lines in the following section.

#### Expenditures by Department \$258,774,340



#### Expenditures by Department or Service Area (\$000 omitted)

Department	FY 2006	FY 2007	Difference
Public Safety	\$135,538	\$141,804	\$6,266
General Services	28,845	29,003	158
Outside Agencies	15,421	15,186	(235)
Contract Debt	21,447	25,393	3,946
General Government	23,184	18,878	(4,306)
Public Works	14,313	12,476	(1,837)
Social Services	11,338	12,285	947
Insurance	3,420	3,750	330
<b>Total</b>	<b>\$253,506</b>	<b>\$258,774</b>	<b>\$5,268</b>

## Budget In Brief

### Public Safety

**\$141,803,880**

**1,835.3 FTE**

The largest department in the General Services Fund is Public Safety, accounting for 55 percent of the FY 2007 budget. Alcohol Beverage Control, Building Inspection, Code Enforcement, Community Corrections, Enhanced 911, Environmental and Emergency Management (DEEM), Fire and Emergency Services, and Police are included in this department.

<b>Program</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>Change</b>
Police	\$49,632,580	\$52,764,800	\$3,132,220
Fire/Emergency	47,806,850	49,525,340	1,718,490
Comm. Corrections	29,366,800	29,697,350	330,550
Commissioner	3,594,490	3,838,380	243,890
Bldg. Inspection	2,666,570	2,758,770	92,200
Code Enforcement	1,711,750	1,668,800	(42,950)
DEEM	701,630	661,110	(40,520)
Enhanced 911	42,370	874,550	832,180
ABC <sup>4</sup>	14,790	14,780	(10)
<b>Department Total</b>	<b>\$135,537,830</b>	<b>\$141,803,880</b>	<b>\$6,266,050</b>

Public Safety budgets include:

- ✓ Continued implementation of the bargaining agreements for Police and Fire. The Police agreements cover Police Officers, Lieutenants, Sergeants, and Captains. The Fire agreements cover Firefighters, Lieutenants, Captains, and Majors.
- ✓ A 3.8 percent pay increase for most civil service employees.

<sup>4</sup> The ABC (Alcohol Beverage Control) budget includes funds for the part-time ABC Administrator position only. The remainder of the budget is included in the Division of Police.

## **Budget In Brief**

- ✓ A 3.8 percent increase and applicable step costs for non-bargaining sworn employees in Police and Fire.
- ✓ Increased health and vision insurance costs.
- ✓ An increase in LFUCG's pension contribution rate for sworn positions in the Divisions of Police and Fire (from 23 percent to 25 percent).
- ✓ Addition of two new sworn Police Captain positions to help with the increasing workload.
- ✓ A new Telecommunications Engineer position in Police
- ✓ Additional full-time position in Code Enforcement to replace a part-time position for Administrative Hearing Appeals.
- ✓ Additional position in Building Inspection for commercial plan facilitation.

Funds of \$337,000 are to implement a substance abuse prevention program for woman in the Community Corrections facility.

The increase in the Commissioner of Public Safety's budget reflects increases in the appropriation to the Humane Society for animal control and the budget for Police and Fire retirees' health insurance.

## Budget In Brief

### General Services

**\$29,002,620**

377.1 FTE

Funding for the Department of General Services is \$157,760 more than FY 2006, with the increase mainly in personnel costs.

Program	FY 2006	FY 2007	Change
Parks and Recreation	\$17,634,560	\$18,427,050	\$ 792,490
Building Maint./Const.	4,987,510	4,594,230	(393,280)
Fleet Services	3,285,740	3,119,570	(166,170)
Commissioner's Office	2,937,050	2,861,770	(75,280)
<b>Department Total</b>	<b>\$28,844,860</b>	<b>\$29,002,620</b>	<b>\$ 157,760</b>

Over \$18 million is budgeted for *Parks and Recreation*, which is responsible for over 4,200 acres of public parks, playgrounds, swimming pools, and public golf courses. The FY 2007 budget includes additional funds for mowing contracts, equipment, and park improvements and \$25,000 for the arboretum.

*Building Maintenance* is budgeted at a minimum operating level as part of the Budget Balancing process.

*Fleet Services* includes funds for vehicle repair and maintenance.

The *Commissioner's Office* oversees the management of the government's telephone system, utilities, parking facilities, rental facilities, pool vehicle fleet, security, mailroom, and special events.

### Outside Agencies

**\$15,186,440**

Outside agencies account for approximately six percent of all General Services District expenditures. Funding for outside agencies has decreased by \$235,040. This is the result of an accounting change for Lexington Center Room Tax proceeds. Room Tax is now passed through to Lexington Center as an account payable.

New funding is provided for Emmaus Road Village, Chrysalis House, and Family Counseling Service.

The *Lexington Public Library* receives 69 percent of the total outside agency funding (\$11.6 million) due to a legal requirement that mandates the government to provide a funding level of 5 cents per \$100 assessed valuation of taxable property in Fayette County. The initial budget is based on estimates of property value certifications.

## Budget In Brief

### Outside Agencies

Organization	FY 2006	FY 2007	Difference
Airport Board	\$ 50,000	\$ 50,000	-
Baby Health Service	16,000	16,000	-
Bluegrass Area Development Dist.	71,810	71,810	-
Bluegrass Community Action	20,000	20,000	-
Bluegrass Domestic Violence Program	66,530	66,530	-
Bluegrass Technology Center	2,370	2,370	-
Carnegie Literacy Center	53,500	53,500	-
Center for Women, Children, and Families	22,060	35,100	13,040
Commerce Lexington	90,490	90,490	-
Community Action Council	163,260	163,260	-
Community Reinvestment Alliance	15,000	40,000	25,000
Comprehensive Care Center	194,750	234,750	40,000
Downtown Arts Center	128,250	128,250	-
Downtown Development Authority	173,000	179,880	6,880
Downtown Lexington Corporation	50,000	50,000	-
Environmental Commission	2,680	2,680	-
Explorium of Lexington	237,500	237,500	-
Group Home	152,000	152,000	-
Hope Center	318,770	493,770	175,000
Human Rights	125,210	125,210	-
Legal Aid/Public Defender	108,540	108,540	-
Lexington Center Corporation	2,160,000	675,000	(1,485,000)
Library Board	10,826,460	11,648,180	821,720
Manchester Center	14,250	14,250	-
Nursing Home Ombudsman	45,000	45,000	-
Operation Read	27,550	27,550	-
Rape Crisis Center	67,500	67,500	-
Reach Incorporated	4,000	4,000	-
Salvation Army	100,000	140,820	40,820
Family Counseling Service	-	32,500	32,500
World Trade Center	105,000	105,000	-
YWCA - Phillis Wheatley Center	10,000	10,000	-
Chrysalis House	-	40,000	40,000
Emmaus Road Village	-	55,000	55,000
<b>Total All Agencies</b>	<b>\$15,421,480</b>	<b>\$15,186,440</b>	<b>\$( 235,040)</b>

## Budget In Brief

### General Government

**\$18,878,130**  
374.9 FTE

General Government programs include: Council Office, Office of the Mayor, Special Projects, Internal Audit, Administrative Services, Constitutional and Judicial Officers, Contingency and Indirect Cost, Finance, Law, and The Office of CAO.

Program	FY 2006	FY 2007	Change
Council Office	\$2,034,340	\$ 2,019,650	\$ (14,690)
Citizens' Advocate	168,500	172,000	3,500
Council Clerk's Office	705,360	695,850	(9,510)
Internal Audit Office	356,470	383,750	27,280
Mayor's Office	1,753,110	2,010,970	257,860
Special Projects	687,480	837,010	149,530
Chief Administrative Officer	1,577,140	1,786,500	209,360
Administrative Services	12,777,910	11,564,500	(1,213,410)
Contingency/Indirect Cost	(9,964,700)	(13,916,740)	(3,952,040)
Constitutional and Judicial	2,600,420	2,606,500	6,080
Finance	8,435,460	8,576,340	140,880
Law	2,052,700	2,141,800	89,100
<b>Total</b>	<b>\$23,184,190</b>	<b>\$18,878,130</b>	<b>\$(4,306,060)</b>

The *Council Office* budget for Council Neighborhood Development Funds (NDF) is \$150,000, which is the same as for FY 2007.

The *Mayor's Office* budget includes \$54,230 for Youth Violence Prevention.

The *Special Projects* budget is detailed on page 23. The Kentucky League of Cities Convention will be in Lexington this budget year, therefore, money has been added to support this. Downtown Improvements were funded in the Mayor's Office for FY 2007. Uniformed Services funding will be

## Budget In Brief

### General Government

**\$18,878,130**

**374.9 FTE**

General Government programs include: Council Office, Office of the Mayor, Special Projects, Internal Audit, Administrative Services, Constitutional and Judicial Officers, Contingency and Indirect Cost, Finance, Law, and The Office of CAO.

Program	FY 2006	FY 2007	Change
Council Office	\$2,034,340	\$ 2,019,650	\$ (14,690)
Citizens' Advocate	168,500	172,000	3,500
Council Clerk's Office	705,360	695,850	(9,510)
Internal Audit Office	356,470	383,750	27,280
Mayor's Office	1,753,110	2,010,970	257,860
Special Projects	687,480	837,010	149,530
Chief Administrative Officer	1,577,140	1,786,500	209,360
Administrative Services	12,777,910	11,564,500	(1,213,410)
Contingency/Indirect Cost	(9,964,700)	(13,916,740)	(3,952,040)
Constitutional and Judicial	2,600,420	2,606,500	6,080
Finance	8,435,460	8,576,340	140,880
Law	2,052,700	2,141,800	89,100
<b>Total</b>	<b>\$23,184,190</b>	<b>\$18,878,130</b>	<b>\$(4,306,060)</b>

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## Budget In Brief

The **Law Department** budget includes funding for a new position of Paralegal in addition to one created during FY 2006.

**Contingency and Indirect Cost** budgets include a more accurate estimation of personnel lapse savings from vacant positions.

The **Finance Department** budget is reduced for three parking authority positions. Any new positions will be created within the new Parking Authority.

### **Public Works**

**\$12,475,790**

**178.0 FTE**

Public Works' is comprised of four General Fund divisions which provide public services in the areas of Engineering, Traffic Engineering, Streets, Roads, and Forestry, and the Commissioner's Office.

Program	FY 2006	FY 2007	Change
Engineering	\$4,913,140	\$4,106,250	\$(806,890)
Traffic Engineering	4,040,420	3,802,080	(238,340)
Streets, Roads, and Forestry	4,820,140	3,941,540	(878,600)
Commissioner	539,250	625,920	86,670
<b>Department Total</b>	<b>\$14,312,950</b>	<b>\$12,475,790</b>	<b>\$(1,837,160)</b>

**Engineering's** budget for existing storm water activities was reduced by \$317,900 but continues the core activities as detailed on the next page.

## Budget In Brief

### General Fund Storm Water Projects

Description	FY2006	FY2007	Difference
Storm Water Monitoring	\$150,000	\$150,000	\$ -
Watershed Models	120,000	143,300	23,000
Flood Proofing	65,000	-	(65,000)
Water Quality	147,610	119,360	(40,900)
Rain Gauge Program	100,000	75,000	(25,000)
Storm Drain Rehab/Reconstruction	25,000	-	(25,000)
Detention/Retention Basin Maintenance	60,000	-	(60,000)
Capital Projects	125,000	-	(125,000)
<b>Total</b>	<b>\$947,610</b>	<b>\$487,660</b>	<b>\$ (317,900)</b>

Funding in the division of *Traffic Engineering* includes:

- \$80,000 for Fiber Optic Cabling grant match
- \$98,000 additional grant match for traffic signal upgrades and other improvements.

The *Streets, Roads, and Forestry* budget includes \$226,850 for roadway salt and a transfer of \$880,000 from the MAP Fund toward the cost of eligible employee costs. (See the MAP Fund section for resurfacing information.)

## Budget In Brief

### Social Services

**\$12,284,740**

**209.1 FTE**

The Department of Social Services consists of the Divisions of Adult Services, Family Services, Youth Services, and the Mayor's Training Center.

Program	FY 2006	FY 2007	Change
Family Services	\$5,216,230	\$5,393,560	\$177,330
Adult and Tenant Services	1,092,370	1,307,610	215,240
Training Center	1,209,970	1,265,020	55,050
Commissioner	1,074,200	1,304,730	230,530
Youth Services	2,744,850	3,013,820	268,970
<b>Department Total</b>	<b>\$11,337,620</b>	<b>\$12,284,740</b>	<b>\$947,120</b>

- **Family Services** provides childcare, education, health, and social services at the Family Care Center, as well as a program to assist families in becoming self-sufficient. As a result of the Kentucky Children's Health Insurance Plan (K-CHIP), greater numbers of children are being seen at the clinic. Reimbursement of nearly \$1.9 million is expected from the state Medicaid program to offset the cost of providing health and dental care services during FY 2007. The FY 2007 budget includes funding for a new part-time position.
- **Youth Services** provides social and counseling services for children and their families. The division also oversees the application of the juvenile justice system in Fayette County. The Coleman House Emergency Shelter program was transferred to the Metro Group Homes agency in FY 2006. This outside agency will provide services for children up to age 18 who need to be removed from their homes due to neglect, abuse, status offenses, or pre-delinquency.

## Budget In Brief

- ***Adult and Tenant Services*** provides assistance in crisis situations to help individuals pay rent and utilities, and offers financial help with payment of landfill and sewer user fees, sewer assessments, and sidewalk repairs.
- ***Mayor's Training Center*** provides training, educational, and employment services to Fayette County residents and employers.
- In addition to departmental administrative support, the ***Commissioner's Office*** includes domestic violence prevention and immigrant and aging services. Funds of \$120,000 will be contributed to a juvenile substance abuse partnership.
- Federal grant funds continue to be available to provide staffing for the following social services programs:
  - Lexington Senior Citizens Center, a centralized facility providing social services to the elderly.
  - Day Treatment Center, a community-based treatment program for teenage youths.

**Budget In Brief****General Services District Fund  
Expenditures by Department<sup>6</sup>**

<b>Departments/Divisions</b>	<b>FY 2007</b>	<b>FTE<sup>7</sup></b>
<b>Council Office</b>	<b>\$2,019,650</b>	<b>35.0</b>
<b>Citizens' Advocate</b>	<b>172,000</b>	<b>2.0</b>
<b>Council Clerk</b>	<b>695,850</b>	<b>7.5</b>
<b>Internal Audit</b>	<b>383,750</b>	<b>4.0</b>
<b>Office of the Mayor</b>	<b>2,010,970</b>	<b>21.8</b>
Mayor's Office	1,484,910	16.0
Office of Economic Development	340,630	4.0
Youth Programs	185,430	1.8
<b>Special Projects</b>	<b>837,010</b>	<b>-</b>
<b>Office of the CAO</b>	<b>1,786,500</b>	<b>13.0</b>
<b>Administrative Services</b>	<b>11,564,500</b>	<b>148.9</b>
Purchase of Development Rights	298,740	2.0
Budgeting	541,940	6.0
Government Communications	1,264,580	27.4
Human Resources	2,924,630	36.5
Risk Management	2,954,560	18.0
Historic Preservation	386,020	6.0
Community Development	979,290	17.0
Planning	2,214,740	36.0
<b>Insurance</b>	<b>3,750,000</b>	<b>-</b>
<b>Contract Debt</b>	<b>25,392,740</b>	<b>-</b>
<b>Contingency/Indirect Cost</b>	<b>(13,916,740)</b>	<b>-</b>
<b>Constitutional Officers and Judicial</b>	<b>2,606,500</b>	<b>20.0</b>
<b>Finance</b>	<b>8,576,340</b>	<b>100.0</b>
Commissioner's Office	579,300	5.0
Accounting	711,260	11.0
Computer Services	4,365,830	39.0
Revenue	2,456,390	37.0
Purchasing	463,560	8.0
<b>Public Works</b>	<b>12,475,790</b>	<b>178.0</b>
Commissioner's Office	625,920	5.0
Engineering	4,106,250	55.0
Streets, Roads, and Forestry	3,941,540	76.0
Traffic Engineering	3,802,080	42.0

<sup>6</sup> See pages 16-27 for comparisons to prior year.<sup>7</sup> Full-time equivalent positions.

## Budget In Brief

### General Services District Fund Expenditures by Department

Departments/Divisions	FY 2007	FTE <sup>8</sup>
<b>Law</b>	<b>2,141,800</b>	<b>22.7</b>
<b>Public Safety</b>	<b>141,803,880</b>	<b>1,835.3</b>
Commissioner's Office/Pension	3,838,380	3.0
DEEM	661,110	10.5
Community Corrections	29,697,350	404.3
Police <sup>9</sup>	52,764,800	760.0
Enhanced 911	874,550	-
Fire and Emergency Services <sup>10</sup>	49,525,340	586.0
Code Enforcement	1,668,800	26.0
Building Inspection	2,758,770	45.0
Alcohol Beverage Control	14,780	0.5
<b>Social Services</b>	<b>12,284,740</b>	<b>209.1</b>
Commissioner's Office	1,304,730	19.5
Adult and Tenant Services	1,307,610	17.0
Family Services	3,331,290	78.9
Health Care Services	2,062,270	17.7
Youth Services	3,013,820	53.5
Mayor's Training Center	1,265,020	22.5
<b>General Services</b>	<b>29,002,620</b>	<b>377.1</b>
Commissioner's Office	2,861,770	31.0
Fleet Services	3,119,570	52.5
Building Maintenance	4,594,230	61.5
Parks and Recreation	18,427,050	232.1
<b>Outside Agencies</b>	<b>15,186,440</b>	<b>-</b>
Library	11,648,180	-
Other Agencies	3,538,260	-
<b>Total General Services District</b>	<b>\$258,774,340</b>	<b>2,974.4</b>

<sup>8</sup> Full-time equivalent positions.

<sup>9</sup> 570 sworn, 190 non-sworn.

<sup>10</sup> 545 sworn, 41 non-sworn.

**General Services District Revenue**

General Services Fund revenues are estimated at \$251,896,680 for FY 2007, or a 4.7 percent increase over FY 2006 revenues (see page 11).

<b>Category</b>	<b>FY 2007 Budget</b>
Licenses and Permits	\$207,019,970
Ad Valorem Taxes	17,918,540
Services	16,286,270
Detention Centers Revenue *	3,698,500
Miscellaneous *	4,719,340
Intergovernmental *	2,158,560
Fines and Forfeitures *	95,500
<b>Total Revenue</b>	<b>\$251,896,680</b>
<b>July 1, 2007, Estimated Fund Balance</b>	<b>7,000,000</b>
<b>Total Available Funds</b>	<b>\$258,896,680</b>

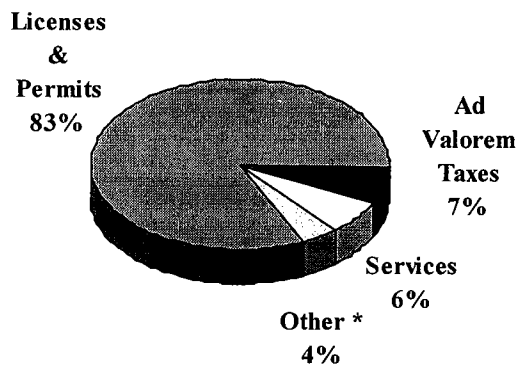
\* Compiled as "Other" on chart on page 31.

*Licenses and permits* revenue is the largest single category of revenue in the General Services District Fund, accounting for 83 percent of all revenues. This category includes revenue from employee withholdings, franchise permits, insurance premium tax, and net profits license fee on businesses.

The second largest category of revenue in this fund (7 percent) comes from *ad valorem* (property) taxes. The LFUCG levies two categories of property taxes: (1) a county-wide tax (General Services District) for the support of the general operations of the government; and (2) an Urban Services Districts tax paid by residents receiving government services of refuse collection, street lights, and street cleaning (see page 35).

## Budget In Brief

### General Services District Revenue by Category \$240,612,690



The FY 2007 budget assumes maintaining the General Services property tax rate on real property at **8.0 cents per \$100 assessed value** (personal property rate 9.9; motor vehicle rate 8.8).

*NOTE: The LFUCG is required by law to provide funding for the Lexington Public Library at a level based on 5 cents per \$100 assessed value of property subject to taxation in Fayette County. The FY 2007 appropriation to the Library is \$11,648,180. Total ad valorem revenues are forecast to be \$17,918,540. Property tax, therefore, only provides \$6.27 million to the general operations of the government.*

Additional sources of revenue in the General Fund are *services* (golf course fees, EMS fees, etc.), *fin*es, *detention*, *intergovernmental*, and *miscellaneous* revenues.

### Beginning Fund Balance

Revenues for a budget year are estimated 18 months in advance of total collections; therefore, conservative estimates are essential. Current year projections are revised during the budget process when better information is available. This may result in the recognition of additional funds that are carried over to the following budget year as a *beginning fund balance*.

The estimated beginning fund balance for FY 2007 of \$7,000,000 reflects a projection of unspent personnel and operating funds.

**FY 2007**

**Urban Services Districts Fund**

**Urban Services Districts Fund**

**Summary of Revenue and Appropriations**

Category	FY 2006	FY 2007	Difference
<i>Revenue</i>			
Ad Valorem	\$26,737,400	\$29,104,400	\$2,367,000
Licenses and Permits	1,296,000	950,000	(346,000)
Services	-	-	-
Miscellaneous	1,685,000	1,796,000	111,000
Total Revenue	\$29,718,400	\$31,850,400	\$ 2,132,000
Fund Balance, July 1 (Estimated)	11,200,000	12,089,750	889,750
Total Available Funds	\$40,918,400	\$43,940,150	\$ 3,021,750
<i>Appropriations</i>			
Personnel	\$14,764,620	\$15,126,240	\$ 361,620
Debt Service	198,670	198,830	160
Insurance	887,450	1,457,350	569,900
Operating	11,644,360	12,557,700	913,340
Transfers To\From)			
Other Funds	183,550	297,090	113,540
Total Operating	\$27,678,650	\$29,637,210	\$1,958,560
<i>Capital</i>			
CIP Capital	\$ 540,000	\$ 2,671,500	\$2,131,500
Operating Capital	5,499,060	2,084,720	(3,414,340)
Total Capital	\$6,039,060	\$4,756,220	\$(1,282,840)
Total Appropriations	\$33,717,710	\$34,393,430	\$675,720
Fund Balance, June 30 (Estimated)	\$7,200,690	\$9,546,720	\$2,346,030

## Budget In Brief

### Urban Services Districts Fund

In addition to the basic services provided to all residents of Fayette County, property owners in the urban services area have one or more of the following services available to them: *refuse collection, street lights, and street cleaning*. These services are funded by an additional ad valorem tax paid only by the property owners in the respective service districts.

#### Summary of Revenue and Appropriations By Service

Category	Refuse Collection	Street Lights	Street Cleaning
Revenue			
Ad Valorem Taxes	\$24,348,250	\$3,410,450	\$1,345,700
Other	2,459,080	205,750	81,170
Total Revenue	\$26,807,330	\$3,616,200	\$1,426,870
Fund Balance, July 1	7,199,450	3,953,350	936,950
Total Available	\$34,006,780	\$7,569,550	\$2,363,820
Appropriations			
Direct Expenditures			
Personnel	\$14,350,590	\$ -	\$775,650
Operating	10,951,280	3,351,000	208,690
Capital	4,306,220	450,000	-
Other Costs	-	-	-
Total Appropriations	\$29,608,090	\$3,801,000	\$984,340
Fund Balance, June 30	\$4,398,690	\$3,768,550	\$1,379,480

A total of 283.2 full-time equivalent positions are authorized for the Urban Services Districts Fund.

Division	FTE
Government Communications	0.2
Street Cleaning	16.0
Refuse Collection	267.0
<b>Total</b>	<b>283.2</b>

## Budget In Brief

### Urban Services Fund Expenditures By Department or Function

Department/Function	FY 2006	FY 2007	Difference
Insurance	\$887,450	\$1,457,350	\$569,900
Contract Debt	198,670	198,830	160
Indirect Cost/Contingency	2,034,210	3,313,020	1,278,810
Government Communications	454,790	463,900	9,110
Annual Audit\STARS	815,690	129,710	(685,980)
Personnel Programs	13,840	14,000	160
<b>Public Works</b>	<b>25,871,140</b>	<b>\$27,710,400</b>	<b>\$1,839,260</b>
Street Cleaning	990,590	984,340	510
Refuse Collection	21,179,550	29,608,090	1,850,620
Street Lights	3,701,000	3,801,000	100,000
<b>General Services</b>	<b>\$ 3,441,920</b>	<b>\$1,106,220</b>	<b>\$(2,335,700)</b>
Administration	10,500	10,500	-
Vehicles	3,020,000	422,500	(2,597,500)
Vacuum Leaf Collection	372,920	521,620	159,900
Building Maintenance	38,500	151,600	113,100
<b>Total Urban Services</b>	<b>\$33,717,710</b>	<b>\$34,393,430</b>	<b>\$ 806,840</b>

The increase in *insurance* is due to an increase in the casualty loss budget for FY 2007.

*Contract debt* provides debt payments for the sanitation building.

An *indirect cost* payment is made to the General Services Fund (\$2,406,890) for administrative costs not directly charged to this fund (such as accounting, purchasing, payroll, etc.).

*Contingency* includes the budgets for termination pay (\$100,000 for unused sick and vacation hours); vacancy credit (\$500,000); and funds to transfer solid waste workers from non-hazardous to hazardous coverage with the County Employees Retirement System (\$1,115,000). Kentucky Retirement Systems' Board of Trustees denied this request, and the appeal is pending in the Franklin Circuit Court.

## Budget In Brief

**Government Communications** includes the budgets for LexCall and Public Information. Program costs for LexCall are allocated among three funds based on actual calls received. Sixty-nine percent of the total cost is allocated to the Urban Services Fund. Public Information provides public education services for the refuse collection, street light, and street cleaning programs.

The \$14,000 budget for **personnel programs** provides for the alcohol and drug testing program, commercial driver license costs, and occupational wellness programs.

**Refuse collection** is provided once each week to approximately 69,000 households. Business, institutional, and other non-residential waste is collected through the dumpster program. The recyclables of over 43,000 households are collected once each week. Yard waste containers and bags are provided for once per week collection to residents receiving LFUCG trash collection services.

The Division of Parks and Recreation administers the **vacuum leaf collection** program. This service is provided only to those properties within the Urban Services Districts that have LFUCG refuse collection service.

Approximately 700 additional **street lights** are installed in Fayette County annually. This budget includes \$450,000 for installation of these additional street lights. The utility expense is budgeted at \$3,350,000, a \$99,000 increase over FY 2006. The increase reflects the cost for additional street lights.

The Division of Streets, Roads, and Forestry provides **street cleaning** in the urban services area.

**Urban Services Revenue Sources**

Total resources available for FY 2007 expenditures in the Urban Services Fund include a projected beginning fund balance of \$12 million and revenues of \$31.8 million. The largest single category of revenue to the Urban Services Districts Fund is *ad valorem*, or property taxes. Property taxes account for 91 percent of the total revenues, and are estimated at \$29.1 million for the 2006 tax year (FY 2007).

Urban Services property taxes are determined by a separate rate established for each service available. The tax rates will be adopted in September of 2006. The current rates per \$100 of assessed value on real property are:

*NOTE: Revenue raised from Urban Services Districts' property taxes cannot be used to fund the general operations of the government.*

<b>Service</b>	<b>Current Rate</b>
Refuse Collection	16.00 cents
Street Lights	02.10 cents
Street Cleaning	00.94 cents
<b><i>Full Urban Rate</i></b>	<b>19.04 cents</b>

If all of the services are available, the property is located in the ***Full Urban Services District***. If one or two of the services are available, the tax rate is based on the particular service(s) available.

**FY 2007**

**Other Funds**

**Special Revenue Funds**

Special Revenue funds account for the proceeds of specific revenue sources that are legally restricted for specified expenditures. The government operates three special revenue funds. In addition, state and federal grants are also considered special revenue funds.

<b>Municipal Aid Fund (MAP)</b>	<b>\$4,523,150</b>
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Fayette County receives a share of the state gasoline tax revenues (allocation is based on population). Use of these funds is restricted to certain expenditures related to the construction, reconstruction, or maintenance of urban streets and roads.

**Summary of Revenues and Appropriations  
Municipal Aid Fund**

	FY 2006	FY 2007	Difference
<i>Revenue</i>			
State MAP Funds	\$4,170,040	\$4,288,000	\$117,960
Interest Income	130,000	240,000	110,000
<i>Total Revenue</i>	<i>\$4,300,040</i>	<i>\$4,528,000</i>	<i>\$227,960</i>
Fund Balance, July 1 (Estimated)	-	7,460	7,460
<i>Total Available</i>	<i>\$4,300,040</i>	<i>\$4,535,460</i>	<i>\$235,420</i>
<i>Expenditures</i>			
Engineering	\$1,879,170	\$1,979,950	\$100,780
Streets, Roads, and Forestry	2,350,000	1,619,130	(730,870)
Traffic Engineering	70,150	44,070	(26,440)
Transfer To General Fund	-	880,000	880,000
<i>Total Expenditures</i>	<i>\$4,299,680</i>	<i>\$4,523,150</i>	<i>\$223,470</i>
Fund Balance, June 30 (Estimated)	\$360	\$12,310	\$11,950

The FY 2007 budget includes a transfer \$880,000 of MAP funds to the General Fund for eligible personnel costs in the Division of Streets, Roads, and Forestry.

## Budget In Brief

MAP projects for FY 2007 include **\$1,619,130 for resurfacing** (including \$900,000 for Man-O'-War and \$150,000 for intersections), and \$1,950,000 for the following road projects.

Project	Grant	FY 2007 Local Funds	State and Federal Grant Funds	Stage <sup>11</sup>
Citation Boulevard through Newtown Springs and Wilburn Drive	no	50,000	-	d
Citation Boulevard Phase 2	yes	1,000,000	4,000,000	c
Coldstream Research Bike Paths	no	50,000	-	d
Fontaine Road Turn Lane at High Street	no	15,000	-	d
Intersection Pavement Reconstruction.	no	250,000	-	c
Man 'O War Right Turn Lane at Pine Needles Lane	no	20,000	-	d
Oxford Circle at Versailles Road Median	no	90,000	-	r, c
Seventh Street – Railroad Crossing Reconstruction	no	150,000	-	c
Sidewalk Ramp Program	no	50,000	-	c
Bridge Repair	no	100,000	-	c
Project Testing	no	25,000	-	c
Small Projects - Roadway	no	100,000	-	c
Small Projects – Bike/Pedestrian	no	50,000	-	c
<i>Total</i>		\$1,950,000	\$4,000,000	

### County Road Aid

**\$547,520**

Use of these state gasoline tax revenues is restricted to expenditures related to **county roads**. Projects include resurfacing, crack sealing, culvert and bridge repairs, guardrail installation, and other road repairs. FY 2007 includes \$341,340 for resurfacing, \$102,140 for slurry

<sup>11</sup> Key of project stages: d = design; r = right-of-way; u = utilities; c = construction; re = resident engineer.

## Budget In Brief

sealing, \$85,990 for culvert repair, and \$18,000 for crack sealing.

### Public Safety

**\$490,000**

Kentucky House Bill 413 authorized the collection of a fee on each court case for the purposes of providing money for "Public Safety Related Items." This budget is the estimation of the accumulated money from this fee for both FY 2006 and FY 2007. The transfer is to the General Fund for use by the police department to purchase needed equipment for the police officers.

### Grant Funds

**\$16,870,340**

State and federal grant funds of approximately \$13.5 million are anticipated for FY 2007. The LFUCG will provide almost \$3.3 million in matching funds for these grants. The following table lists information on some of the major grants that have been awarded to date. A more extensive list will be included in the FY 2007 Annual Budget document. Additional grants will be budgeted throughout the year as they are awarded.

Grant	Federal & State Funds	Local & Other Funds	Total Grant
HOME/ADDI	1,431,886	604,304	2,036,190
Training Incentive - Police	2,200,200	-	2,200,200
Training Incentive - Fire	2,111,880	-	2,111,880
Assistance to Firefighters	308,500	77,120	385,620
Meadow/Northland/Arlington - Public Improvements	1,000,000	-	1,000,000
Housing Rehabilitation - Loans	71,340	77,830	149,170
Red Light Running Project	80,000	20,000	100,000
New Chance	328,040	93,450	421,490
Day Treatment	153,590	279,800	433,390
Fiber Optic Cable Installation - CMAQ	320,000	80,000	400,000
Housing Rehabilitation - Operations	157,830	172,170	330,000
ITS/CMS-SLX Projects	184,000	46,000	230,000
FHWA Transportation Planning	309,150	54,560	363,710
R.E.A.C.H. & Community Housing	300,000	-	300,000
Home Network	343,870	33,260	377,130
Share the Road Campaign	60,000	15,000	75,000

### Budget In Brief

Justice Assistance	137,430	-	137,430
Senior Citizens Center	76,070	149,790	225,860
Emergency Shelter	115,340	115,340	230,680
Child Care Food Program	53,000	102,550	155,550
CDBG Administration	160,000	-	160,000
Bicycle Coordinator Program	43,380	10,850	54,230
National School Lunch	47,000	186,340	233,340
Street Sales Enforcement	97,980	32,660	130,640
Anti-Gang Initiative	153,580	-	153,580
Workforce Investment Act (WIA)	209,950	-	209,950
Emergency Management Assistance	49,930	49,930	99,860
S.A.N.E.	79,000	35,000	114,000
Summer Food Service – Housing	50,000	50,000	100,000
Other Grants	2,903,130	1,048,310	3,951,440
<b>Total</b>	<b>\$13,536,076</b>	<b>\$3,334,264</b>	<b>\$16,870,340</b>

### Capital Projects Funds

<b>Bond Projects</b>	<b>\$8,323,030</b>
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General obligation bonds will be issued for the following capital projects totaling \$7,482,930:

- \$2.9 million for the Bluegrass Aspendale Community School.
- \$2.0 million for the Purchase of Development Rights program.
- \$987,930 Parking garage repairs.
- \$845,000 for Park's capital improvement projects.
- \$450,000 Animal Control Building Improvements
- \$300,000 Computer Equipment

Transfers from the General, Urban Services, and Sanitary Sewer Funds of \$840,100 will continue implementation of STARS.

**Enterprise Funds**

Enterprise funds are those funds in which operations are supported primarily by charges for services.

<b>Sanitary Sewers</b>	<b>\$36,657,530</b>
<b>Operating and Construction Funds</b>	<b>149.0 FTE</b>

The Sanitary Sewer Fund accounts for the expenses associated with collecting, transporting, and treating all sanitary sewage in Fayette County and the Industrial Pre-treatment program. The fund is supported primarily by sewer user fees based on water consumption that were initiated in July 1982. These fees replaced property tax funding of the sanitary sewer system, as mandated by the Environmental Protection Agency. Since July 1, 1995, the Kentucky-American Water Company has billed and collected sewer user fees for the government.

During FY 2001, \$25.2 million in bonds was sold for rehabilitation projects outlined in the 20-year Sanitary Sewer Capital Improvement Plan. The capital plan includes two components: the 201 Plan and the Sanitary Sewer Overflow Plan.

Sanitary sewer user fees provide the funding for the debt service on the bonds and provide funding for any non-bond funded sewer projects. In addition, the fees pay for the staff, maintenance, and operations of the two wastewater treatment plants and other facilities and services required to support the LFUCG sanitary sewer system.

The 201 Plan is a federally-mandated/state-enforced capital improvement program for the LFUCG sanitary sewer system. The Sanitary Sewer Overflow Plan (SSO Plan) is a comprehensive sanitary sewer line/watershed rehabilitation program to address major sanitary sewer overflow problems.

## Budget In Brief

The SSO Plan requires the identification of all overflow locations within the collection system.

The FY 2007 budget includes \$450,000 to continue the implementation of the SSO Plan (inflow and infiltration prevention). \$7.2 million to expand the South Elkhorn pump station and construct a second parallel force main, \$2.0 million to design and construct improvements at the West Hickman Treatment Plant, and \$200,000 for improvements in the expansion area.

Sanitary Sewer Fund revenue is projected at \$27,550,000 for FY 2007 and will come from the following sources:

- \$24,860,000 from User Fees
- \$1,500,000 from Tap-On Fees
- \$1,130,000 from Interest Earnings
- \$60,000 from Other Revenue

Sanitary Sewer Fund revenues are restricted to current year operating and capital expenses. All funds remaining at year-end are placed into a restricted reserve for capital improvements.

<b>Landfill</b>	<b>\$6,618,100</b> <b>4.0 FTE</b>
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The Landfill Fund was established in 1995 to account for the revenues and expenses associated with the capping and closure of the landfills in Fayette County and the on-going costs of refuse disposal. State and federal regulations have mandated significant changes in the requirements for designing, constructing, operating, managing, maintaining, and closing landfills. The revised requirements have imposed extraordinary expenses on the government. A solid waste disposal fee was established to fund the increased cost of capping and closing the government's landfill and for the expense of a solid waste disposal contract. FY 2007 total Landfill Fund revenues are projected at approximately \$8.2 million.

## Budget In Brief

The FY 2007 capital budget includes \$456,860 for post closure costs, \$30,000 each for monitoring at the closed Raven Run and Old Frankfort Pike landfills, and \$10,000 for road/site repairs.

The landfill closure reserve consists of the fund balance as of June 30, 1997, and is increased annually based on excess revenues over expenses. The reserve is estimated to be \$7.5 million at the end of FY 2007, and can only be used to pay the costs of landfill closure or extraordinary operating expenses that exceed available revenues.

<b>Right-of-Way Program</b>	<b>\$392,270</b> <b>5.0 FTE</b>
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The Right-of-Way Program Fund was established in FY 2004 to account for the revenues and expenses associated with the adoption of the Right-of-Way ordinance.

Fees are projected to provide approximately \$310,000 in FY 2007 for the operation of the program.

<b>Extended School Program</b>	<b>\$2,460,920</b> <b>47.2 FTE</b>
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The Extended School Program Fund was created in FY 1994 to account for the revenues and expenses of an after-school program administered by the Division of Parks and Recreation in various Fayette County Public Schools.

Fees are projected to provide approximately \$2,155,200 in FY 2007 for the operation of the program.

Participating schools include: Stonewall Elementary, Deep Springs Elementary, Dixie Elementary, Meadowthorpe Elementary, Julia R. Ewan Elementary, Yates Elementary, Arlington Elementary, Jessie Clark Middle, Northern Elementary, Linlee Elementary, Veterans Park Elementary, Edythe J. Hayes Middle, Breckinridge Elementary, Crawford

## Budget In Brief

Middle, Booker T. Washington Elementary, and Maxwell Elementary.

<b>Enhanced 911</b>	<b>\$3,024,350</b> <b>5.0 FTE</b>
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On January 1, 1996, a monthly fee of 95 cents per phone line was applied to Fayette County residents' phone bills in order to provide funding for an **Enhanced 911 (E-911) system**. The fee was increased for the first time during FY 2005 to \$1.31 where it remains today.

This system saves time and communicates information even when a caller cannot – by providing a resident's name, telephone number, and address. A major improvement to the system was the linking of **E-911** to the GIS system. When an **E-911** call is received, the calltaker automatically sees a map, pinpointing the location of the caller.

This fund pays for 33 percent of the personnel costs for 911 emergency calltakers and dispatchers in the police and fire divisions (the balance of the personnel cost is paid by the General Services District Fund). The General Services District fund must transfer \$843,350 to support this fund, as receipts from land line phones continue to decline.

Total fund resources are \$3,024,350, with \$2,151,000 projected to come from **E-911** fees (including \$500,000 for wireless calls), \$30,000 from interest income, and \$843,350 from the General Fund.

<b>Public Corporations</b>	<b>\$8,663,900</b>
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Due to prior state constitutional restrictions, the government did not issue general obligation bonds until FY 2000. Instead, mortgage revenue bonds were issued through various public corporations in order to finance public projects. "Lease payments" from the General Services District and Urban Services Districts Funds are combined

## Budget In Brief

with revenues generated by the operation of the projects in order to make debt service payments on these prior bond issues.

The ***Public Facilities Corporation*** (\$7,112,510) financed various projects through bank and mortgage notes and the issuance of revenue bonds. Projects included government buildings, parks, swimming pools, fire stations, and other public buildings.

The ***Public Parking Corporation*** (\$786,480) issued bonds to finance the construction of a downtown transit center, parking garage, and the Martin Luther King Boulevard construction project; and for the construction of the Victorian Square parking structure. Obligations are paid from operations of the public parking facilities and from General Fund appropriations.

The ***Fayette County Detention Center Corporation Funds*** (\$73,310) account for the revenues and expenses associated with a note issued to finance the land purchase for the new detention facility. Construction of the new adult detention facility was financed through general obligation bonds and is not included in the Public Facilities Fund.

The ***Parks Projects Fund*** (\$691,600) accounts for the use of dedicated fees for acquisition of park land and golf course improvements.

A dedicated building permit fee was passed in 1983, and in 1995 the ordinance imposing this fee was clarified to restrict its use to park land acquisition. For FY 2007 this revenue source is estimated to provide \$590,000 for this purpose.

Dedicated revenues from golf fees are estimated at \$101,600 for FY 2007. These revenues are restricted to golf course improvements.

**Internal Service Funds**

Internal Service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost reimbursement basis. The LFUCG operates two internal service funds.

<b>Health, Dental, Vision</b>	<b>\$27,791,950</b>
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The government offers health, dental, and vision care insurance options to LFUCG employees under self-insurance plans administered by various third parties. The FY 2007 budget of \$27.8 million is funded through premiums paid by the government for all full-time employees; premiums paid by employees with family coverage; and premiums paid by certain non-employee groups that are allowed to participate in this plan. This includes City Employees' Pension Fund retirees, Policemen's and Firefighters' Retirement Fund retirees, and employees of other affiliated agencies.

The Human Resources budget in the General Fund includes funding for a position that is responsible for coordinating and designing LFUCG health care plans, managing major medical claims, providing information for the prevention and control of healthcare costs, and managing all wellness issues.

<b>Workers' Compensation/Liability</b>	<b>\$6,000,000</b>
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The government's Division of Risk Management administers the workers' compensation, property and casualty, and general liability insurance programs. The government reduces financial risks by purchasing reinsurance when feasible. Administration of these programs is combined with a risk management program designed to identify potential exposures to loss and reduce or eliminate risk and losses. The FY 2007 budget of \$6 million is funded through premiums paid from the General Services Fund, Urban Services Fund, and Sanitary Sewer Fund.

## Budget In Brief

The administrative costs and positions formerly budgeted in this fund were moved to the General Fund for FY 2006. The costs will continue to be shared among the participating funds.

### Fiduciary Funds

Fiduciary funds account for assets held by a governmental unit in a trustee capacity. The LFUCG operates three fiduciary funds.

<b>City Employees' Pension</b>	<b>\$2,117,730</b>
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The City Employees' Pension Fund (CEPF) was the retirement system of the city of Lexington covering civil service employees prior to merger with Fayette County. The plan was organized in 1939 and closed to new members in 1973. Members of the CEPF completed the process for transferring to the County Employees Retirement System in November 1992. The fund is administered by a self-governing board of trustees and funded by government and employee contributions of 17.5 percent and 8.5 percent of salary, respectively. Only one current employee remains with the CEPF.

The FY 2007 budget includes the cost for 100 percent of the premium for single health care coverage for eligible retirees (\$79,830). The government also pays certain other administrative costs.

<b>Policemen's and Firefighters' Retirement</b>	<b>\$33,926,530</b>
	<b>1.0 FTE</b>

The Policemen's and Firefighters' Retirement Fund is a defined benefit pension plan covering all sworn personnel of the Urban County Government's police and fire divisions. The fund is administered by a self-governing board of trustees and funded by government and employee contributions. For FY 2007 the government's contribution

## Budget In Brief

rate increases from 23 to 25 percent of salary, while the employee contribution remains at 11 percent.

The FY 2007 budget includes the cost for 100 percent of the premium for single health care coverage for eligible retirees (\$2,461,180). The government also pays certain other administrative costs.

<b>Public Library Corporation</b>	<b>\$289,440</b>
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The Public Library Corporation was formed in 1985 to manage funds provided to the Lexington Public Library from the government as a result of an increased assessment (the government is required by law to provide a funding level of 5 cents per \$100 assessed valuation of taxable property). The Library Corporation's long-range financial plan includes retirement of bonds issued to finance construction of the Central Library, expansion of library materials, and construction of additional branches.

The FY 2007 budget provides for payment on the bonds issued to finance the construction of a replacement of the Tates Creek Library branch.

**FY 2006 - 2007 Budget Formulation Calendar**

November	December	January
<ul style="list-style-type: none"> <li>• Budget Forms Prepared</li> <li>• Budget guidelines developed for the next fiscal year</li> </ul>	<ul style="list-style-type: none"> <li>• Forms Distributed to Outside Agencies</li> <li>• Forms Distributed to Departments</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue Estimates Gathered</li> <li>• Outside Agencies and Departments Submit Budget Requests</li> </ul>
February	March	April
<ul style="list-style-type: none"> <li>• Budgeting Reviews All Budget Submissions</li> <li>• Budgeting Prepares Revenue Estimates</li> </ul>	<ul style="list-style-type: none"> <li>• Review of Budget Submissions Continues</li> <li>• Mayor's Budget Hearings Begin</li> <li>• Administrative Review Group Recommends Capital Improvement Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Mayor's Budget Hearings End</li> <li>• Proposed Budget Finalized</li> <li>• Mayor's Budget Address</li> <li>• Council Budget Hearings Begin</li> </ul>
May	June	July
<ul style="list-style-type: none"> <li>• Public Hearings</li> <li>• Council Budget Hearings Continue</li> </ul>	<ul style="list-style-type: none"> <li>• Council Budget Hearings End</li> <li>• Budget Ratification</li> <li>• 1st and 2nd Readings of Budget Ordinance</li> </ul>	<ul style="list-style-type: none"> <li>• Start of the New Fiscal Year</li> <li>• New Budget Implemented</li> </ul>

**Profile of Lexington-Fayette County**

**Location**

Lexington, located in the heart of central Kentucky's bluegrass region, is the state's second largest metropolitan area. The urbanized central city is surrounded by its scenic countryside of world-famous horse farms. Its central location and excellent transportation system have been major factors in the city's growth and development. Lexington's location at the intersection of two major interstate highways (Interstates 64 and 75) places it within a day's drive of 70 percent of the U.S. markets.

**KENTUCKY**



**FAYETTE COUNTY**

Square Miles	285.5
Average Temperature	54.9°F



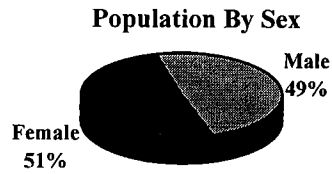
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## Budget In Brief

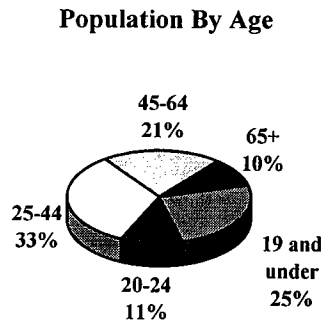
### Population

Population Lexington-Fayette County			
Year	Population	Change	% Change
1970	174,323		
1980	204,165	29,842	17.1%
1990	225,366	21,201	10.4%
2000	260,512	35,146	15.6%

Population by Sex 2000	
Male	127,905
Female	132,607
Total	260,512

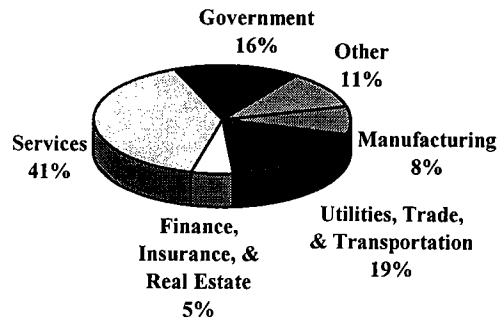


Population by Age 2000	
19 and under	65,226
20-24	28,355
25-44	86,366
45-64	54,391
65+	26,174
Total	260,512



## Budget In Brief

### Employment by Industry



Average Annual Employment by Industry Lexington-Fayette County – 2004	
All Industries	165,996
Manufacturing	13,826
Utilities, Trade, and Transportation	32,211
Finance, Insurance, and Real Estate	8,731
Services	66,406
Government	26,243
Other	18,579

Source: Kentucky Workforce Development Cabinet, "Average Monthly Employment Covered by Kentucky Unemployment Insurance Law by Industrial Division and by County".

The **service and trade sectors** are the primary sources of employment and income in Fayette County. The **service sector**, which is dominated by jobs in the professional services, such as legal and medical services, accounts for 41 percent of Fayette County jobs. The **trade sector** is the second largest source of jobs, accounting for 19 percent.

## Budget In Brief

A stabilizing characteristic of the Lexington economy is its share of employment in the **government sector** (16 percent), of which the University of Kentucky is the largest component.

The Fayette County area is the retail center for the Lexington-Fayette Metropolitan Statistical Area (MSA). Also, the convergence of two major highways makes it ideally suited for the location of wholesale trade facilities.

### **Local Government**

Lexington and Fayette County merged into a single ***urban county government*** on January 1, 1974. The merger was the culmination of an effort to develop a more efficient use of resources for joint programs in planning, parks, and public safety. A Mayor and 15-member legislative body administer the ***Lexington-Fayette Urban County Government***.